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10 Attorneys for Defendant and Counterclaimant
LIBERTY MUTUAL FIRE INSURANCE COMPANY

11 UNITED STATES DISTRICT COURT

12 NORTHERN DISTRICT OF CALIFORNIA

13 LARGO CONCRETE, INC., a California
14 Corporation; N.M.N. CONSTRUCTION,
INC., a California Corporation,

15 Plaintiffs,

16 v.

17 LIBERTY MUTUAL FIRE INSURANCE
18 COMPANY, a Massachusetts Corporation,
and DOES 1 through 100, inclusive.

19 Defendants.

20
21 AND RELATED COUNTERCLAIM

Case No. C07-04651 CRB (ADR)

Hon. Charles R. Breyer
[Complaint Filed: September 10, 2007]

**DECLARATION OF WILLIAM CUPELO
FILED IN SUPPORT OF LIBERTY
MUTUAL FIRE INSURANCE
COMPANY'S REPLY BRIEF**

Date: December 21, 2007
Time: 10:00 a.m.
Place: Courtroom 8

DECLARATION OF WILLIAM CUPELO

I, William Cupelo, declare as follows:

1. I am employed by Liberty Mutual Insurance Company ("LMIC") as an Assistant Vice President and Senior Corporate Counsel. LMIC is an affiliate of defendant Liberty Mutual Fire Insurance Company ("LMFIC"). LMIC and LMFIC are subsidiaries of Liberty Mutual Group, Inc. ("LMGI")(LMIC and LMFIC will be referred to collectively as "Liberty Mutual"). As an Assistant Vice President and Senior Corporate Counsel for LMIC, I am familiar with Liberty Mutual's corporate and other business records. The facts set forth below are based on my personal knowledge and/or information obtained from the corporate and other business records maintained by Liberty Mutual, which records were created in the ordinary course of business at or near the time of the events reflected in those records. If called and sworn as a witness, I could and would testify competently thereto.

2. I have been employed by LMIC as an in-house attorney for the past 21 years. I work in the Litigation Group of Liberty Mutual's Legal Department, which is located in Liberty Mutual's Home Office in Boston, Massachusetts. I provide legal advice and counsel to Liberty Mutual on various legal matters. I also oversee outside counsel handling litigation matters filed against Liberty Mutual.


3. When LMIC or LMFIC are sued for breach of the implied covenant of good faith and fair dealing, *i.e.*, "bad faith," the same group of attorneys and paralegals in Liberty Mutual's Legal Department at the Home Office in Boston, Massachusetts oversees the litigation, regardless of the line of insurance involved (*e.g.*, workers' compensation, commercial liability, automobile, property, etc.). As part of that oversight role, Liberty Mutual's in-house attorneys and paralegals communicate with outside counsel retained to defend LMIC or LMFIC regarding case evaluation and exposure analyses, case strategy, possible defenses, legal research issues, the identification and retrieval of potentially relevant documents and electronic data (including

1 privileged and confidential information), and the identification of witnesses and subsequent
2 witness interviews and deposition preparation.
3

4 4. Liz Flanders is a paralegal who formerly worked in Liberty Mutual's Home
5 Office Legal Department. Randy Schubert is an auto liability claims manager for Liberty Mutual.
6 Bruce Edwards is a senior portfolio underwriter for Liberty Mutual. Lorrie Isaac is a Senior
7 Technical Claims Specialist for Liberty Mutual.
8

9 I declare under penalty of perjury, pursuant to the laws of the United States of
10 America, that the foregoing is true and correct.
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12 Executed this ¹⁴13 day of December 2007 at Boston, Massachusetts.
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16 WILLIAM CUPELO
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